

# CONFLICT OF INTEREST MANAGEMENT POLICY

Updated 13 December 2018

## PURPOSE

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The purpose of the conflict of interest identification and management procedure is to identify situations leading, or liable to lead, to a conflict of interest and to apply a solution aimed at prioritising and protecting the interests of the company's clients.

## GUIDELINES

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As a portfolio management company, Anaxis Asset Management must make every reasonable effort to prevent conflicts of interest from adversely affecting its clients' interests.

Conflicts of interest may potentially arise between:

- The company, interested parties (as defined in Article 321-32 of the AMF General Regulations) or any other person directly or indirectly affiliated with the company via a controlling relationship, on the one hand, and the company's clients, on the other hand;
- Or between two clients.

Where the measures adopted by the company cannot reasonably prevent the risk of client interests being adversely affected, the company must clearly notify them of the general nature or source of said conflict of interest before acting on their behalf.

Furthermore, the company must establish and maintain an effective conflict of interest management policy, which must be formalised in writing and appropriate to its size, structure and importance as well as the complexity of its business.

Finally, the company must also keep and update a record of the types of investment services, related services and other activities provided by or for the company, for which a conflict of interest involving a material risk of an adverse impact on the interests of one or more clients has occurred or, in the case of ongoing services or activities, is liable to occur.

## METHODOLOGY

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### A. Conflicts of interest: Step-by-Step

- A conflict of interest is identified by Management or by an employee
- The conflict of interest is reported: the RCCI (Compliance and Internal Control Officer) is notified in writing or by e-mail
- The RCCI manages the conflict of interest by:
  - determining any urgent measures that need to be applied;
  - defining and implementing corrective actions;

- notifying the affected clients, if necessary;
- updating the conflict of interest log and completing the conflict of interest record.
- The conflict of interest is archived.

## **B. Identifying conflicts of interest**

The process for identifying and managing conflicts of interest must be applied by the interested parties, within the meaning of internal compliance rules, involved in the following activities:

- Investment advice;
- Fund sales and management;
- Discretionary portfolio management.

It is especially important for the company and the interested parties to identify the following situations:

- The company, an interested party, or any person affiliated with them, is liable to generate a financial gain or avoid a financial loss at a client's expense;
- The company, an interested party, or any person affiliated with them, has a vested interest in the outcome of a service provided or a transaction carried out for a client which is different from the client's interests;
- The company, an interested party, or any person affiliated with them, has a financial or other incentive to favour the interests of another client or group of clients over those of the client to which the service is provided;
- The company, an interested party, or any person affiliated with them, receives or will receive (from a person other than the client) a benefit associated with the service provided to the client, in any form whatsoever, other than the commission or fees usually charged for this service.

## **C. Reporting conflicts of interest**

Any interested party that identifies a potential or proven conflict of interest, or that has any doubts regarding a situation liable to generate a conflict of interest, must immediately notify the Chairman-RCCI or, in his absence, the Management Committee. Notification must be given on a durable medium (e.g. internal memo or e-mail) and provide the following information:

- the department involved;
- the date on which the conflict was identified;
- the nature of the conflict (potential or proven);
- a description of the conflict;
- the clients impacted by the conflict;
- the type of impact generated by the conflict.

## **D. Managing conflicts of interest**

The RCCI is authorised to manage any conflicts of interest. He analyses the nature, causes and consequences of the identified conflict of interest and takes the appropriate measures to limit its immediate consequences.

Where the conflict of interest has previously been encountered and addressed under the conflict of interest management policy, the RCCI adopts a solution in line with this policy.

Where the conflict of interest has not yet been dealt with under the policy, the RCCI adopts a solution based on the following procedures and measures:

- Efficient procedures aimed at prohibiting or controlling the communication of information between interested parties exercising activities with the potential to generate conflicts of interest,

where such communication of information might adversely affect the interests of one or more clients;

- Separate supervision of interested parties whose main duties consist in exercising activities for certain clients or providing them with services, where the interests of these clients might generate a conflict, or where said interested parties represent different interests, including those of the service provider, which might generate a conflict;
- Elimination of any direct link between the remuneration of interested parties primarily exercising a given activity and the remuneration of other interested parties primarily exercising another activity, or the revenues generated by these other parties, where a conflict of interest is liable to arise in relation with these activities;
- Measures aimed at prohibiting or limiting the exercise of inappropriate influence by any person on the way an interested party exercises his activities;
- Measures aimed at prohibiting or controlling the simultaneous or consecutive participation of an interested party in several investment services, related services or other activities, where said participation is liable to adversely affect the appropriate management of conflicts of interest;
- Measures ensuring that an interested party can only act in this capacity and for Anaxis Asset Management where said party provides advisory services to companies whose securities are held in portfolios under management or review for investment purposes.

If the adoption or implementation of one or more of these measures and procedures is not sufficient to ensure the required degree of independence, the RCCI shall take any additional or substitute measures or procedures that may prove necessary.

The RCCI carries out corrective actions in order to prevent the identified conflict of interest from occurring or to limit its consequences, notably by altering or adopting the necessary procedures or enhancing controls if such actions are possible.

Where the measures adopted by the RCCI cannot reasonably prevent the risk of client interests being adversely affected, the company must clearly notify them of the general nature or source of said conflict of interest before acting on their behalf. A copy of the letter sent to the client is archived.

The RCCI maintains and updates the conflict of interest log and a record of the services or activities for which a conflict of interest involving a material risk of adversely affecting the interests of one or more clients has occurred or is liable to occur.

In the event a new activity is developed or the company's structure is changed, the RCCI also records any conflicts of interest that might arise as a result and the procedures in place to avoid them.

#### **E. Archiving**

All documents related to the detection and resolution of conflicts of interest are archived in the "Conflicts of Interest" file.